

CONFIDENTIAL - SUBJECT TO PROTECTIVE ORDER

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1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK

3
4 CYPRESS HOLDINGS, III, L.P.,
5 individually and derivatively
6 on behalf of SPORT-BLX, INC.,
7 Plaintiff,

8 -v-

9 GEORGE HALL, JOSEPH DE PERIO,
10 DANIEL STRAUSS, FRANCIS
11 RUCHALSKI, CESAR BAEZ,
12 CHRISTOPHER JOHNSON,
13 SPORT-BLX, INC., SPORT-BLX
14 SECURITIES, INC., CLINTON
15 GROUP INC., and GLASSBRIDGE
16 ENTERPRISES, INC.,
17 Defendants.

Case No.
22-cv-01243(LGS)

VIDEOTAPED
DEPOSITION UPON
ORAL EXAMINATION
OF
GEORGE HALL

18
19 SPORT-BLX, INC., individually
20 and derivatively on behalf of
21 its shareholders,
22 Plaintiff,

Case No:
1:22-cv-8111(LGS)

23 -v-

24 MICHAEL M. SALERNO and
25 CYPRESS HOLDINGS, III, L.P.,
Defendants.

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26
27 T R A N S C R I P T of testimony taken
28 stenographically by and before MARGARET
29 VOLLMUTH-CORSON, a Certified Court Reporter of the
30 State of New Jersey, pursuant to Federal Rules
31 Governing Civil Procedures, at the offices of CHIESA
32 SHAHINIAN & GIANOMASI, P.C., 105 Eisenhower
33 Parkway, Roseland, New Jersey, on Wednesday,
34 June 14, 2023, commencing at approximately 10:01
35 a.m.
36 Job No. NJ5960469

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1 the Clinton Group rent for the use of this space for
2 its employees?

3 A. GlassBridge had a contract by which
4 they paid an overall consulting fee -- and I use
5 that term loosely. They paid a fee for various
6 services that Clinton Group provided.

7 Q. Did it include rent?

8 A. No, I don't believe specifically.

9 Q. How was the number 500,000 determined
10 for Sport-BLX?

11 A. Ultimately a financial model was put
12 together by ConsenSys, probably with a fair amount
13 of input from -- from various people, and they came
14 back with a model, and the rent number that they
15 used was \$500,000.00 annually in the first year,
16 then a million two in the second year, and some
17 escalation after that.

18 Q. So are you saying ConsenSys determined
19 the \$500,000.00 number?

20 A. Ultimately they determined that --
21 they, I'm sure, based some of the information on
22 discussions of how many head -- how -- what we
23 expected the head count to be, but ultimately that
24 number was -- came out of the ConsenSys financial
25 model that they helped us create.

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1 Q. What was the head count for Sport-BLX
2 in the spring of 2019?

3 MR. SACK: Objection to the form. Do
4 you want to be more specific, or just in general the
5 spring of '19?

6 Q. In March of 2019, when it started
7 paying rent, how many employees did Sport-BLX have?

8 A. I think there were 10 to 13 full-time
9 employees and a number of interns that were not
10 paid. We -- and we had a number of unpaid
11 consultants that were using the space, and also
12 ConsenSys was using the space.

13 Q. Did you ever make any determination --
14 you said you -- I believe you said that ConsenSys --
15 strike that.

16 Did you ever have any discussions with
17 ConsenSys as to how they came up with the
18 \$500,000.00 number?

19 A. I don't think I specifically discussed
20 it with ConsenSys.

21 Q. Okay. As you sit here today do you
22 have any idea how the number 500,000 came up?

23 A. I think they probably did it based on
24 analysis of the business, of the head count, of the
25 growth of the company, of the need to use space for

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1 marketing and presentations for, you know, all the
2 various people that would be getting involved in
3 this business.

4 Q. When you say that, though, you didn't
5 have any discussions; you're just guessing?

6 MR. SACK: Well, you asked him, Ross.
7 He already said he didn't have discussions with them
8 directly, and you asked him. So he did -- gave the
9 best answer he could.

10 Q. You don't -- you don't know how
11 ConsenSys arrived at that number, do you?

12 A. I don't know precisely how they came
13 up with it, but I know they considered head count.

14 Q. Okay. And you didn't make any
15 determination as to an allocation of the rent
16 between Sport-BLX and Clinton Group?

17 A. I didn't have much involvement in that
18 calculation, no.

19 Q. Did Mr. De Perio?

20 A. I think Mr. De Perio spent time with
21 -- on the model with ConsenSys, so there may have
22 been some discussions with Mr. De Perio about head
23 counts in addition to, you know, the potential for
24 the business, the deals we would do, and how much
25 space we would need, so I think -- I -- I believe he

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1 may have had some discussions like that.

2 Q. Is Sport-BLX Securities affiliated with
3 the Clinton Group in any way?

4 MR. SACK: Is, present tense?

5 MR. PEARLSON: Yes.

6 A. No.

7 MR. SACK: Objection to the form.

8 Q. Sport-BLX Securities is not affiliated
9 with the Clinton Group in any way?

10 A. No.

11 MR. SACK: Objection to the form.

12 Q. Was it ever?

13 A. No.

14 Q. And I might have asked this already.
15 Who currently owns the Sport-BLX Securities?

16 A. There are a number of investors. I
17 believe Joe De Perio still owns a small percentage,
18 and I own the balance.

19 Q. Did you -- did you contribute any
20 capital to get your interest in Sport-BLX
21 Securities?

22 A. No capital was contributed for shares.

23 Q. Is that true for Mr. De Perio as well?

24 A. I believe that's correct, yes.

25 Q. And what assets does Sport-BLX